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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11 Case No.
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	: 08-13555 (JMP)
Debtors.	: (Jointly Administered)
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**DECLARATION OF HOWARD
LIAO IN SUPPORT OF MOTION OF
LEHMAN COMMERCIAL PAPER INC. PURSUANT
TO SECTION 105(a) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019 FOR APPROVAL OF SETTLEMENT
AND COMPROMISE WITH LATSHAW DRILLING COMPANY,
LLC AND LATSHAW DRILLING AND EXPLORATION COMPANY, INC.**

Pursuant to 28 U.S.C. § 1746, I, Howard Liao, declare:

1. I am over the age of 18 years and make these statements of my own personal knowledge, my review of the business records of Lehman Commercial Paper Inc. ("LCPI"), as debtor and debtor in possession, and/or my consultation with employees of LCPI. If called to testify, I could testify to the truth of the matters set forth herein.

2. I am a Senior Vice President – Private Equity and Principal Investments for LAMCO LLC. Prior to my employment by LAMCO LLC, I was employed by Lehman Brothers Inc. One of my primary areas of responsibility is the management of the Direct Investments portfolio of LCPI and its affiliated debtors. In that role I have independently reviewed, have

become familiar with and have personal knowledge regarding the \$100,000,000 amended and restated credit agreement, dated as of July 11, 2008 (the “Credit Agreement”), between LCPI, as lender, and Latshaw Drilling Company, LLC (“LDC”) and Latshaw Drilling and Exploration Company, Inc. (“LD&E,” and together with LDC, “Latshaw”), as borrowers.

3. I submit this Declaration in support of the *Motion of Lehman Commercial Paper Inc. Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019 for Approval of Settlement and Compromise with Latshaw Drilling Company, LLC and Latshaw Drilling and Exploration Company* (the “Motion”).

4. I am familiar with the Credit Agreement, the LCPI Claim,¹ the Latshaw Objection, the Latshaw Damage Claim and the Restructured Credit Agreement. I am also familiar with the negotiations that resulted in the Settlement Agreement that is the subject of the Motion. Prior to its filing, I reviewed and approved the Motion, and I adopt the representations contained in the Motion, as if set forth in full and at length in this declaration.

5. After consultation with LCPI’s restructuring advisors and counsel, I believe that the terms of the Settlement Agreement represent a fair and reasonable resolution of the legal and factual disputes between LCPI and Latshaw. As such, I believe the Settlement Agreement is in the best interests of LCPI, its estate and creditors. The Settlement Agreement obviates the need for continuing litigation of the LCPI Claim, the Latshaw Objection and the Latshaw Damage Claim and avoids the costs and risks associated with such litigation, including at the appellate level. In addition, the Settlement Agreement provides the path for Latshaw’s repayment to LCPI of borrowed funds. The payments made by Latshaw under the Settlement Agreement and the Restructured Credit Agreement will be available for distribution to LCPI’s creditors.

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

6. The Settlement Agreement was entered into in good faith, negotiated at arm's-length and achieves a fair and equitable result for LCPI and its estate.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

Executed on this 13th day of May 2011.

/s/ Howard Liao
Howard Liao